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IMPROVING GOVERNMENTAL BUDGETING AND ACCOUNTING METHODS AND PROCEDURES, AND FOR OTHER PURPOSES

JUNE 19, 1956.—Ordered to be printed

Mr. KENNEDY, from the Committee on Government Operations, submitted the following

R E P O R T

[To accompany S. 3897]

The Committee on Government Operations, to whom was referred the bill (S. 3897) to improve governmental budgeting and accounting methods and procedures, and for other purposes, having considered the same, report favorably thereon, without amendment, recommend that the bill do pass.

PURPOSE

The bill amends the Budget and Accounting Act of 1921 and the Budget and Accounting Procedures Act of 1950 so as to improve Federal budgeting and accounting methods and procedures as recommended by the Commission on Organization of the Executive Branch of the Government, to permit: (1) the inclusion of program costs and accomplishments in the annual budget; (2) the submission of budgetary requests for appropriations on an annual accrued expenditure basis; (3) the excess of appropriations on an annual expenditure basis over accrued expenditures to lapse, and the remaining balances to be transferred to a single account at the end of each fiscal year; (4) the agencies to prepare and execute their budgets on a cost basis; (5) the head of each agency to bring about consistency between accounting and budget classifications; (6) the synchronization of the accounting and budget classifications with the organization structure; (7) support of the budget justifications by information on performance and program costs by organizational units; (8) each agency to maintain its accounts on an accrual basis showing resources, liabilities, and operating costs; (9) the integration of property accounting records with the financial accounting system; and (10) the simplification of agency systems for subdividing funds.

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The bill specifically excludes the application of the annual accrued expenditure concept to requests for appropriations for the payment of certified claims, tax refunds, private relief acts, interest on trust funds, revolving funds, pensions, payment to former members of the Armed Forces, their dependents, and other similar appropriations for which the submission on an accrual basis would not serve any useful purpose.

The objectives listed herein are intended to be implemented by the President, although close cooperation of the executive and legislative branches of the Government will be essential. It is expected that the conversion of the budget and accounting system to the principles and procedures contemplated under this bill will take place on an agency by agency basis during the next 4 or 5 years.

Section 1 of the bill authorizes the President, to the maximum extent deemed desirable, to include information on program costs and accomplishments in the annual budget; to determine the amounts of proposed appropriations on an annual accrued expenditure basis; and to require the departments and establishments to develop their requests for appropriations from cost-based budgets and to use such cost-based budgets for purposes of administration and operation.

Section 2 provides for improved budget presentation by requiring the agencies to achieve consistency in accounting and budget classifications; synchronization between such classifications and organizational structure and to support their budget justifications by information on performance and program costs by organizational units. This section also provides that the accounts shall be maintained on an accrual basis and that the accounting system include adequate monetary property accounting records both of which are necessary prerequisites to the preparation of cost-based budgets.

Section 3 requires each agency to work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit.

The bill makes ample provision for a modernized budget program based upon actual or estimated costs. Thus, the Congress will have the tools to review actual performance in the past and to exercise effective control over the expenditures to be accrued during the budget year. It will substantially reduce the huge unexpended balances of appropriations which presently are carried forward from prior years.

HOOVER COMMISSION RECOMMENDATIONS

The Hoover Commission recommendations on budget and accounting represent a constructive program to carry forward evolutionary improvements of the character urged by this committee since 1947. The first Hoover Commission made a significant contribution and many of its recommendations were included in the Budget and Accounting Procedures Act of 1950 sponsored by this committee. Others had already been achieved in whole or in part prior to the enactment of that legislation.

Enactment of S. 3897, would accomplish or pave the way for the accomplishment of the recommendations contained in the Budget

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and Accounting Report of the second Hoover Commission dealing with—

1. Program costs and accomplishments in the executive budget;
2. Annual accrued expenditure appropriations;
3. A single account for each appropriation;
4. Cost-based budgets;
5. Information on performance and program costs by organizational units and synchronization of organization structures, budget classifications and accounting systems;
6. Accrual accounting, including adequate monetary property accounting; and
7. Simplification of allotment systems.

COMMITTEE ACTION

The Subcommittee on Reorganization held hearings on March 20, 21, 26, 27, and 28, 1956, on a related bill, S. 3199, which was introduced in the Senate for the purpose of implementing the recommendations of the Hoover Commission. At these hearings the sponsor of S. 3199 (Senator Payne) and representatives of the principal departments and agencies of the Government testified in favor of its objectives. Some of the witnesses, however, expressed certain reservations regarding those provisions which would require the assignment of budget experts to the large agencies, establishment of a comptroller in each agency, establishment of a staff office of accounting in the Bureau of the Budget, and other objectives which it is believed could be attained administratively under existing law.

At the direction of the chairman, representatives of the General Accounting Office, the Department of the Treasury, the Bureau of the Budget, and the staff of the committee redrafted the bill, which was introduced as S. 3897 on May 21, 1956, by Senator Kennedy, chairman of the Subcommittee on Reorganization, with Senator Payne and 30 other Senators as cosponsors.

The subcommittee held hearings on S. 3897 on June 4, 5, and 6, 1956, during which time all of the witnesses endorsed the objectives contained in the bill, and recommended favorable action thereon. However, representatives of several agencies, in communications to the committee, express some concern over the application of the bill to no-year appropriations and other funds which are made available for procurement of long-lead-time items or other similar types of programs and activities. In this connection, the Department of Defense expressed considerable concern regarding the application of the language in section 1 (a) of the bill with respect to the authority of Congress to grant obligation authority in advance of appropriations.

The Department recommended that, if the accrued expenditure basis of appropriations is adopted, as contained in the bill, section 1 (a) be amended so as to provide a means for continuing obligational authority. The Department expressed the opinion that such action is necessary in order to provide a complete bill, and to make it clear that the existing authority to include requests for contract authorizations in the budget will not be abrogated. For this reason the Department recommended that a proviso be inserted in subsection 1 (b) stating that—

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nothing in this subsection shall be construed to affect the authority of the President to submit requests for authorizations to create obligations in advance of appropriations.

Counsel for the Comptroller of the Department of Defense reported that there was some doubt as to whether the section, when made applicable to the President, would have the effect of canceling the definition of appropriations, particularly the authority to create obligations in advance of appropriations.

The amendment recommended by the Department of Defense was considered by the subcommittee, with a view of determining its implication on the overall objectives of the National Military Establishment, and after consultation with attorneys of the General Accounting Office and representatives of the Bureau of the Budget, the chairman requested a formal interpretation of the section from the Comptroller General of the United States.

COMMENTS OF THE COMPTROLLER GENERAL

By letter dated June 6, 1956, the Comptroller General ruled that it is his considered opinion that there is no conflict whatsoever between the new subsection 201 (b) contained in the bill and the present section 201 of the Budget and Accounting Act of 1921, as amended; that the new language could not be construed as restricting the authority to request contract authorizations in the bill pending before the committee.

The Comptroller General concluded by stating:

It thus seems very clear to us that the existing authority to include requests for contract authorizations in the budget would not be abrogated by this bill, and that the clarifying language suggested by the Department of Defense is unnecessary.

The complete text of the Comptroller General's decision is contained herein and made a part of this report.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, June 6, 1956.

Hon. JOHN F. KENNEDY,
Chairman, Subcommittee on Reorganization,
Committee on Government Operations,
United States Senate.

DEAR MR. CHAIRMAN: During the hearings this morning on S. 3897, representatives of the Department of Defense suggested that the language of the proposed section 201 (b) of the Budget and Accounting Act, 1921, might be clarified by the insertion of the following proviso at the end of the paragraph in lines 6 through 9 of page 2 of S. 3897: "Provided, That nothing in this subsection shall be construed to affect the authority of the President to submit requests for authorizations to create obligations in advance of appropriations."

The Defense representatives apparently felt that the present language of lines 6 through 9 might possibly be construed as repealing by implication the authority for requesting contract authorizations contained in the present section 201 of the Budget and Accounting

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Act, 1921. It is our considered opinion that there is no conflict whatsoever between the language of the new subsection 201 (b) proposed to be added by this bill and the present section 201 of that act, and that the proposed section 201 (b) could not be construed as restricting the authority to request contract authorizations in the present section 201.

Section 2 of the Budget and Accounting Act, 1921, as amended, defines the term "appropriation" as used in that act as follows:

"The term 'appropriations' includes, *in appropriate context*, funds and authorizations to create obligations by contract in advance of appropriations, or any other authority making funds available for obligation or expenditure." [Italic supplied.]

The use of the words "in appropriate context" contained in that definition makes it clear that the term "appropriation" may mean (1) the appropriation of funds; (2) authorizations to create obligations by contract in advance of appropriations (commonly referred to as "contract authority"); or both (1) and (2). As the term "appropriation" is used in the present section 201(d), which under this bill would be section 201(a) (5), and section 203, it clearly means both appropriation of funds and contract authority. As that term is used in line 6, page 2, of the bill, however, it is used in relation to the determining of amounts of proposed appropriations on an accrued expenditure basis. As the term "appropriation" is used in that context, it can mean only the appropriation of funds. Since the language in lines 6 through 9, page 2 of the bill relates only to the appropriation of funds, it cannot be viewed as conflicting with the authority in the present section 201 to include in the budget proper requests for authorizations to create obligations in advance of appropriations. The appropriation committees of the Congress will thus have the tools to review both the complete programs for which contractual authorizations are requested or have been granted as well as the amount of funds required to meet the expenditures which will accrue in the budget year.

Moreover, it should be noted that the legislative history of this bill already has made it clear that contractual authorizations for long lead-time programs will be required when the appropriations therefor are stated on an annual accrued expenditure basis. This was pointed out in the Hoover Commission Report on Budget and Accounting.

It thus seems very clear to us that the existing authority to include requests for contract authorizations in the budget would not be abrogated by this bill and that the clarifying language suggested by the Department of Defense is unnecessary.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

During the hearings on S. 3897, the Comptroller of the Department of Defense testified that the Department wholeheartedly supports the provisions of the bill with respect to the use of: (1) cost-based budgets, (2) the accrual basis of accounting, (3) basis of synchronizing budgeting and accounting classifications, and (4) the basis of administrative subdivision of funds and other provisions of the bill.

The Comptroller, however, expressed some reservations as to the savings which would result from the adoption of the accrued expenditure basis for appropriations. The Comptroller also expressed the

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view that there would be some problems with regard to the implementation of the legislation by the Department of Defense.

Considerable testimony was developed by the committee during the course of its hearings on the bill with respect to the substantial progress being made in the Department of Defense toward sound financial management of its huge resources under title IV of the 1949 amendments to the National Security Act which was the result of the first Hoover Commission recommendations. Enactment of this bill will encourage the Department of Defense to continue to accelerate its plans for full implementation of title IV. These improvements, including continued progress in adoption of the cost-based budgets, wide utilization of accrual accounting, more realistic administrative control of funds and the synchronization of budget accounting classifications and organizational structure as well as in the other areas of Department of Defense financial management can go forward without the necessity for awaiting any change in the basis of making appropriations. As a matter of fact, these improvements must necessarily precede such a change.

CONCLUSION

It is the firm conviction of this committee that S. 3897 would provide the necessary legislative authority for major improvements in the fields of budgeting and accounting in the Federal Government, and that it conforms to those objectives and conclusions of the Hoover Commission Report on Budget and Accounting which require or would be expedited by legislative action.

Certain recommendations of the Hoover Commission which can best be accomplished administratively have been omitted from the bill. Also, those recommendations pertaining to the settlement of claims were incorporated in another bill, S. 3362, which was reported by this committee on June 7, 1956, and the recommended legislative action to provide relief of accountable officers was included in legislation enacted during the first session of the 84th Congress—Public Laws 334 and 365 approved on August 9, and 11, 1955, respectively.

This committee has been active for a number of years in promoting improved financial administration in the Federal Government and, in accord with the statutory authority, will continue to give consideration to the problems and progress in budget and accounting procedures throughout the Government. Inasmuch as the implementation of the practices and procedures provided for in S. 3897 will, according to evidence submitted at the hearings, require a period of years before full implementation of the program, it is particularly important that the committee keep in close contact with developments thereunder, should the bill be enacted into law.

In addition, the close cooperation of the Appropriations Committees of the Congress, the Bureau of the Budget, the Department of the Treasury, the General Accounting Office, and all of the agencies will be required to bring about the implementation and the advancement of the ultimate objectives of this legislation.

SECTION-BY-SECTION ANALYSIS OF S. 3897

Section 1 (a): This section is designed to implement recommendations Nos. 4, 7, and 17 of the Hoover Commission Budget and Accounting Report which provide:

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(4) That the executive budget continue to be based upon functions, activities, and projects adequately supported by information on program costs and accomplishment, and by a review of performance by organizational units where these do not coincide with performance budget classifications.

(7) That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received.

(17) That each department and agency be authorized to maintain a single account under each appropriation title or fund for controlling the amount available for the liquidation of valid obligations.

Section 201 (a) of the Budget and Accounting Act, 1921, would require the President to set forth in the budget, at such times as may be practicable, information on program costs and accomplishments. Such information should permit the Congress to give consideration to both relative size of programs and the question of economy and efficiency, as proposed in the first part of Hoover Commission Recommendation No. 4. The latter part of this recommendation is implemented by the addition of section 106 to the Budget and Accounting Procedures Act of 1950, as contained in section 2 (a) of the bill.

Section 201 (b) would require the President, to the maximum extent deemed desirable and practicable, to determine the amounts of regular, supplemental, or deficiency appropriation requests on an annual accrued expenditure basis, that is, the amounts of appropriated funds needed to pay for goods and services to be received in the fiscal year and other payments authorized by law to be made in such fiscal year from the particular appropriation. Certain appropriations, for which the annual controls contemplated by the accrued expenditure basis would obviously serve no purpose, are specifically excluded. The stating of appropriation on an annual accrued expenditure basis would vest in the Congress the determination of the level of activity during the budget year and would assure annual review by the agencies and the Congress of past and proposed performance under programs involving long lead-time contracts. This would accomplish Hoover Commission Recommendation No. 7.

Section 201 (c) vests discretion in the President as to the manner and time that requests for appropriations shall be determined on an accrual expenditure basis. The conversion could be effected over a period of time as and when systems of programing, budgeting, and accounting were deemed adequate. This conversion cannot be successfully effected until such systems are adequate.

Section 201 (d) would lapse the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund as of the end of each fiscal year and merge the remaining balances of each such appropriation or fund with any appropriation or fund made for the same general purpose for the ensuing fiscal year as a single account. The merging of the remaining balances with the related appropriation for the ensuing fiscal year permits the use of only one account in accordance with Hoover Commission Recommendation No. 17, but only to the extent that appropriations are stated on an accrued expenditure basis.

Section 1 (b): This section is designed to implement recommenda-

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tions Nos. 3 and 6 of the Hoover Commission Budget and Accounting Report which provide:

(3) That for management purposes, cost-based operating budgets be used to determine fund allocations within the agencies, such budgets to be supplemented by periodic reports on performance.

(6) That executive agency budgets be formulated and administered on a cost basis.

Section 216 (b) of the Budget and Accounting Act, 1921, would authorize the President to require the departments and agencies to develop their requests for appropriations from cost-based budgets. Section 216 (c) would require such cost-based budgets to be used by all departments and establishments and their subordinate units for purposes of administration and operation including the administrative subdivisions of appropriations or funds. Recommendations Nos. 3 and 6 eventually could be completely adopted.

Section 2 (a): This section is designed to carry out the latter part of Hoover Commission Recommendation No. 4, referred to above under section 1 (a), and recommendation No. 5, which provides:

(5) That the agencies take further steps to synchronize their organization structures, budget classifications, and accounting systems.

Section 106 of the Budget and Accounting Procedures Act of 1950 is intended to achieve, insofar as possible, three objectives: (1) Consistency in accounting and budget classifications; (2) synchronization between such accounting and budget classifications and organizational structure; and (3) support of the executive budget by information on performance and program costs by organizational units. Information would thus be available to the Congress for review of performance and program costs of each organizational unit including those which do not coincide with performance budget classifications. Objectives (1) and (2) are included in Hoover Commission Recommendation No. 5 and objective (3) in the latter part of recommendation No. 4.

Section 2 (b): This section is designed to implement recommendations Nos. 14 and 16 which provide:

(14) That Government accounts be kept on the accrual basis to show currently, completely and clearly all resources and liabilities, and the costs of operations. Furthermore, agency budgeting and financial reporting should be developed from such accrual accounting.

(16) That the executive agencies accelerate the installation of adequate monetary property accounting records as an integral part of their accounting systems.

Section 113 (c) of the Budget and Accounting Procedures Act of 1950 would require the head of each executive agency, as soon as practicable, to cause the accounts of such agency to be maintained on an accrual basis and to maintain adequate monetary property accounting records as an integral part of the accounting system. Only when this done would it be possible for management or the Congress to determine at any given time the fiscal status of such agency, as contemplated by recommendations Nos. 14 and 16.

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Section 2 (c): This section amends the definition of the term "executive agency" in section 118 of the Budget and Accounting Procedures Act of 1950 to include the Post Office Department within the meaning of that term as used in section 113 (c) of that act.

Section 3: This section merely states legislative recommendation No. 13 which provides:

(13) That the allotment system be greatly simplified. As an objective each operating unit should be financed from a single allotment for each appropriation involved in its operations.

The making of numerous allotments which are further divided and suballotted to lower levels leads to much confusion and inflexibility in the financial control of appropriations or funds as well as numerous minor violations of section 3679, Revised Statutes, as amended (the Anti-Deficiency Act).

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, which is in existing law made by the bill S. 3897, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italics, existing law in which no change is proposed is shown in roman):

BUDGET AND ACCOUNTING ACT, 1921, AS AMENDED BY THE BUDGET AND ACCOUNTING PROCEDURES ACT OF 1950

* * * * *

SEC. 201. (a) The President shall transmit to Congress, during the first fifteen days of each regular session, the Budget, which shall set forth his Budget message, summary data, and text, and supporting detail. The Budget shall set forth in such form and detail as the President may determine--

[a] (1) functions and activities of the Government;

(2) *at such times as may be practicable, information on program costs and accomplishments;*

[b] (3) any other desirable classifications of data;

[c] (4) a reconciliation of the summary data on expenditures with proposed appropriations;

[d] (5) estimated expenditures and proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year, except that estimated expenditures and proposed appropriations for such year for the legislative branch of the Government and the Supreme Court of the United States shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the Budget without revision;

[e] (6) estimated receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the Budget is transmitted and also (2) under the revenue proposals, if any, contained in the Budget;

[f] (7) actual appropriations, expenditures, and receipts of the Government during the last completed fiscal year;

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[g] (8) estimated expenditures and receipts, and actual or proposed appropriations of the Government during the fiscal year in progress;

[h] (9) balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the Budget are adopted;

[i] (10) all essential facts regarding the bonded and other indebtedness of the Government; and

[j] (11) such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government.

(b) *The amounts of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.*

"Annual accrued expenditures" shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

This subsection shall not apply to appropriations made specifically for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations made by private relief Acts of Congress; appropriations for the payment of interest on trust funds; revolving funds or appropriations thereto; appropriations for the payment to former members of the armed forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

(c) *The conversion to the use of annual accrued expenditures for stating proposed appropriations in accordance with section 201 (b) of this Act shall be accomplished in such manner and at such times as may be determined by the President.*

(d) *As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless thereafter provided otherwise in an appropriation act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account.*

SEC. 216. (a) Requests for regular, supplemental, or deficiency appropriations which are submitted to the Bureau by the head of any department or establishment shall be prepared and submitted as the President may determine in accordance with the provisions of section 201.

(b) *The requests of the departments and establishments for appropriations shall, in such manner and at such times as may be determined by the President, be developed from cost-based budgets.*

(c) *For purposes of administration and operation, such cost-based budgets shall be used by all departments and establishments and their*

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subordinate units. Administrative subdivisions of appropriations or funds shall be made on the basis of such cost-based budgets.

BUDGET AND ACCOUNTING PROCEDURES ACT OF 1950

ACCOUNTING AND BUDGET CLASSIFICATIONS

SEC. 106. The head of each executive agency shall, in consultation with the Director of the Bureau of the Budget, take whatever action may be necessary to achieve, insofar as is possible, (1) consistency in accounting and budget classifications, (2) synchronization between accounting and budget classifications and organizational structure, and (3) support of the budget justifications by information on performance and program costs by organizational units.

SEC. 113. (a) The head of each executive agency shall establish and maintain systems of accounting and internal control designed to provide—

- (1) full disclosure of the financial results of the agency's activities;
- (2) adequate financial information needed for the agency's management purposes;
- (3) effective control over and accountability for all funds, property, and other assets for which the agency is responsible, including appropriate internal audit;
- (4) reliable accounting results to serve as the basis for preparation and support of the agency's budget requests, for controlling the execution of its budget, and for providing financial information required by the Bureau of the Budget under section 213 of the Budget and Accounting Act, 1921 (42 Stat. 23);
- (5) suitable integration of the accounting of the agency with the accounting of the Treasury Department in connection with the central accounting and reporting responsibilities imposed on the Secretary of the Treasury by section 114 of this part.

(b) The accounting systems of executive agencies shall conform to the principles, standards, and related requirements prescribed by the Comptroller General pursuant to section 112 (a) of this part.

(c) *As soon as practicable after the date of enactment of this subsection, the head of each executive agency shall, in accordance with principles and standards prescribed by the Comptroller General, cause the accounts of such agency to be maintained on an accrual basis to show the resources, liabilities, and costs of operations of such agency with a view to facilitating the preparation of cost-based budgets as required by section 216 of the Budget and Accounting Act, 1921, as amended. The accounting system required by this subsection shall include adequate monetary property accounting records as an integral part of the system.*

SEC. 118. As used in this part, the term "executive agency" means any executive department or independent establishment in the executive branch of the Government but (a) except for the purposes of sections 114, 116, and 119 shall not include any Government corporation or agency subject to the Government Corporation Control Act (59 Stat. 597), and (b) except for the purposes of sections 111, 113 (c), 114, and 116 shall not include the Post Office Department.

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SECTION 3679, REVISED STATUTES (ANTI-DEFICIENCY ACT)

(g) Any appropriation which is apportioned or reapportioned pursuant to this section may be divided and subdivided administratively within the limits of such apportionments or reapportionments. The officer having administrative control of any such appropriation available to the legislative branch, the judiciary, or the District of Columbia, and the head of each agency, subject to the approval of the Director of the Bureau of the Budget, shall prescribe, by regulation, a system of administrative control (not inconsistent with any accounting procedures prescribed by or pursuant to law) which shall be designed to (A) restrict obligations or expenditures against each appropriation to the amount of apportionments or reapportionments made for each such appropriation, and (B) enable such officer or agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment. *In order to have a simplified system for the administrative subdivision of appropriations or funds, each agency shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit.*

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